# Vision Superannuation Fund

Annual Financial Reports
30 June 2009

# Contents

# Vision Superannuation Fund
# Statement of financial position
**As at 30 June 2009**

| | *Note* | **2009 $'000** | **2008 $'000** |
|---|---|---|---|
| **Assets** | | | |
| Cash at bank | | 801 | 746 |
| Accounts receivable | | 10 | 6 |
| **Investments** | | | |
| Units in Vision Pooled Superannuation Trust | *2(c)* | 198,443 | 139,461 |
| **Total assets** | | 199,254 | 140,213 |
| **Liabilities** | | | |
| Accounts payable | *3* | 445 | 265 |
| Current tax liabilities | *6* | 79 | 81 |
| **Total liabilities (excluding net assets available to pay benefits)** | | 524 | 346 |
| **Net assets available to pay benefits** | | 198,730 | 139,867 |

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 4 to 18.

Vision Superannuation Fund
Operating statement
**For the period ended 30 June 2009**

| | Note | 2009 $'000 | 2008 $'000 |
|---|---|---|---|
| **Investment revenue** | | | |
| Interest | | 32 | 61 |
| Movement in net market value of investments | 11 | (15,545) | (3,035) |
| | | (15,513) | (2,974) |
| **Contribution revenue** | | | |
| Employers | | 1,217 | 556 |
| Members | | 4,183 | 8,191 |
| Transfers from other funds | | 94,441 | 130,669 |
| | | 99,841 | 139,416 |
| **Total revenue** | | 84,328 | 136,442 |
| **Expenses** | | | |
| Trustee services | | 472 | 250 |
| Other general administration expenses | | - | 3 |
| | | 472 | 253 |
| **Benefits accrued as a result of operations before income tax** | | 83,856 | 136,189 |
| Income tax expense attributable to benefits accrued as a result of operations | 5 | 117 | 81 |
| **Benefits accrued as a result of operations** | 7 | 83,739 | 136,108 |

The operating statement is to be read in conjunction with the notes to the financial statements set out on pages 4 to 18.

# Vision Superannuation Fund
## Statement of cash flows
**For the period ended 30 June 2009**

| | Note | 2009 $000 | 2008 $000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Contributions received | | | |
| Employers | | 1,217 | 556 |
| Members | | 4,183 | 8,190 |
| Transfer from other funds | | 94,441 | 130,669 |
| Interest received | | 32 | 61 |
| Benefits paid | | (24,877) | (18,441) |
| General expenses paid | | (296) | (2) |
| Income tax paid | | (118) | (60) |
| **Net cash from operating activities** | *10* | 74,582 | 120,973 |
| **Cash flows from investing activities** | | | |
| Proceeds from redemption of units in pooled superannuation trust | | 10,385 | 6,836 |
| Application of units in pooled superannuation trust | | (84,912) | (128,273) |
| **Net cash used in investing activities** | | (74,527) | (121,437) |
| Net increase in cash and cash equivalents held | | 55 | (464) |
| Cash and cash equivalents at the beginning of the period | | 746 | 1,210 |
| **Cash and cash equivalents at the end of the period** | | 801 | 746 |

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 4 to 18.

# Notes to the financial statements

**For the period ended 30 June 2009**

## 1. Reporting entity

Vision Superannuation Fund (the "Fund") is a superannuation fund domiciled in Australia. The address of the Fund's registered office is Level 5, 1 Spring Street, Melbourne Victoria.

The Fund is constituted by the trust deed dated 16 December 2006 to provide superannuation benefits for members.

The Trustee of the Fund is Vision Super Pty Ltd (VSPL).

## 2. Summary of significant accounting policies

### (a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standard AAS 25 *Financial Reporting by Superannuation Plans*, as amended by Australian Accounting Standards Board AASB 2005-13 (December 2005), other applicable Accounting Standards, the provisions of the Trust Deed and the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations.

The financial statements have been prepared in accordance with the historical cost convention, except for the valuation of investments and derivatives, which are measured at net market value.

The financial statements were approved by the Board of Directors of the Trustee, Vision Super Pty Ltd, on 25 September 2009.

Amounts have been rounded to the nearest thousand dollars except where otherwise stated.

### (b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Since AAS 25 is the principal standard that applies to the financial statements, other standards, including AIFRS, are also applied where necessary except to the extent that they differ from AAS 25.

Certain comparative amounts have been reclassified to confirm with the current year's presentation.

### (c) Investments

Investments of the Fund are initially recorded at cost, being the fair value of the consideration given. After initial recognition, investments are measured at net market value and movements in the net market value of investments are recognised in the Operating Statement.

The Fund recognises financial assets on the date it becomes a party to the contractual provisions of the asset. Financial assets are recognised using trade date accounting. From this date any gains and losses arising from changes in net market value are recorded.

Units in Vision Pooled Superannuation Trust are valued at the redemption price at reporting date as advised by National Asset Servicing (NAS) and are based on the net market value of the underling investments.

Notes to the financial statements

**For the year ended 30 June 2009**

**2. Summary of significant accounting policies (continued)**

**(d) Financial liabilities**

The Fund recognises financial liabilities at net market value as at reporting date with any change in net market values of the Fund's financial liabilities since the beginning of the reporting period included in operating statement for the reporting period. Net market value is equal to the amortised cost of the liability using the effective interest method less estimated transaction costs.

The Fund recognises financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Accounts payable is payable on demand or short time frames of less than 30 days. Fair value is assumed to be equal to net market value as estimated realisation costs are not material.

**(e) Derecognition of financial assets and financial liabilities**

A financial asset is derecognised when:

- The right to receive cash flows from the asset have expired; or
- The Fund transfers substantially all the risks and rewards of the ownership of the assets.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

**(f) Revenue recognition**

**(i) Interest revenue**
Interest income is recognised in the operating statement as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date.

**(ii) Contributions revenue and transfers**
Contributions revenue and transfers in are recognised when the control and the benefits from the revenue have transferred to the Fund and is recognised gross of any taxes.

**(iii) Movement in net market value of investments**
Changes in the net market value of investments are recognised as income and are determined as the difference between the net market value at year end or consideration received if sold during the year and the net market value as at the prior year end or cost if the investment was acquired during the period.

**(g) Income tax**
Income tax on the benefits accrued as a result of operations for the period comprises current and deferred tax. Income tax is recognised in the operating statement except to the extent that it relates to items recognised directly in members' funds in which case it is recognised directly in members' funds.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the statement of financial position date and any adjustment to tax payable in respect of previous years. The Fund has no deferred tax assets/liabilities.

**For the year ended 30 June 2009**

**2. Summary of significant accounting policies (continued)**

**(g) Income tax (continued)**

Income tax has been provided in the current year at the rate of 15% as it is the expectation of the Trustee that the Fund will be treated as a complying superannuation fund. If the Fund is subsequently deemed to be a non-complying fund for the current year, then income tax will be payable at a rate of 45% on the Fund's taxable income.

The expense (and any corresponding liability) is brought to account in the period in which the assessments are received by the Trustee and are properly payable by the Fund.

**(h) Superannuation contributions surcharge**

The Trustee recognises amounts paid or payable in respect of the surcharge tax as an expense of the Fund.

The expense (and any corresponding liability) is brought to account in the period in which the assessments are received by the Trustee and are properly payable by the Fund.

No estimate has been made for the balance of any tax payable in respect of surchargeable contributions received by the Fund during the current year as the Trustee is unable to determine this amount until receipt of applicable assessments in the following period.

The superannuation surcharge was abolished with effect from 1 July 2005 by the passing of the Superannuation Laws Amendment (Abolition of Surcharge) Act 2005. The last reporting of contributions for surcharge purposes will be in respect of contributions made up to and including 30 June 2005.

**(i) Goods and services tax**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST) recoverable from the Australian Taxation Office (ATO) as a reduced input tax credit (RITC). In circumstances where the GST is not recoverable, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

**(j) Benefits payable**

Benefits payable comprises the entitlements of members who have claimed a benefit prior to the end of the year, and the entitlement had not been paid at reporting date. Benefit entitlements rolled over within the Fund are not included as benefits payable. Benefits payable are generally settled within 30 days.

**For the year ended 30 June 2009**

**2. Summary of significant accounting policies (continued)**

**(k) Excess contribution tax**

The Australian Taxation may issue release authorities to members of the Fund relating to the relevant member's excess contributions tax that is payable in respect of the member's concessional and/or non-concessional contributions for a particular year. Where a member receives an excess contributions tax release authority, the member

- may give the release authority relating to the member's concessional contributions to a fund for payment; and
- must give the release authority relating to the member's non-concessional contributions to a fund for payment.

Release authorities in relation to concessional and /or non-concessional contributions received from 1 July 2008 may be issued from the Australian Taxation Office from 1 July 2009.

The liability for the excess contribution tax will be recognised when the relevant release authorities are received from the members, as the Trustee considers this is when it can be reliably measured.

The excess contributions tax liability recognised by the Fund will be charged to the relevant member's accounts.

**(l) No-TFN contribution tax**

Where a member does not provide their tax file number to a fund, the Fund may be required to pay no-TFN contributions tax at a rate of 31.5% which is in addition to the concessional tax rate of 15% which applies to the Fund's taxable income.

The no-TFN contributions tax liability recognised by the Fund will be charged to the relevant member's accounts. Where a tax offset is obtained by the Fund in relation to members' no-TFN contributions tax, the tax of offset will be included in the relevant members' accounts.

**(m) Issued standards not early adopted**

The following standards, amendments to standards and interpretations are available for early adoption at 30 June 2009, but have not been applied in preparing this financial report because they do not have any financial impact on the accounting policies of the Fund or are not applicable to superannuation funds:

- AASB 101 Presentation of Financial Statements (Revised, September 2007) and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (September 2007);
- AASB 2009-2 Amendments to Australian Accounting Standards – *Improving Disclosures about Financial Instruments* (AASB 4, AASB 7, AASB 1023 and AASB 1038) requires disclosure of financial instruments measured at fair value to be based on a three-level fair value hierarchy that reflects the significance of the inputs in such fair value measurements as well as requiring additional qualitative and quantitative disclosures of liquidity risk. AASB 2009-2 will become mandatory for the Fund's 30 June 2010 financial statements. The Fund has not yet determined the potential effect of the revised standard on the Fund's disclosures.

**For the year ended 30 June 2009**

## 2. Summary of significant accounting policies (continued)

### (m) Issued standards not early adopted (continued)

- Revised AASB 101 Presentation of Financial Statements introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement) or, in an income statement and a separate statement of comprehensive income. The revised AASB 101 will become mandatory for the Fund's 30 June 2010 financial statements. The Fund has not yet determined the potential effect of the revised standard on the Fund's disclosure, however it is expected to be minimal due to the requirements of AAS 25 Financial Reporting by Superannuation Plans.

## 3. Accounts payable

| | 2009 $000 | 2008 $000 |
|---|---|---|
| Trustee services fees | 140 | 97 |
| Other | 305 | 168 |
| | 445 | 265 |

## 4. Auditors' remuneration

| | 2009 | 2008 |
|---|---|---|
| Amounts received or due and receivable by Ernst & Young for: | | |
| An audit of the financial statements of the Fund | 9,631 | 13,351 |
| Other services in relation to the entity | - | - |
| Total | 9,631 | 13,351 |

The audit fees are paid/payable by its trustee company, Vision Super Pty Ltd, and recovered through trustee services fees.

## 5. Income tax expense

| | 2009 $000 | 2008 $000 |
|---|---|---|
| **Recognised in operating statement** | | |
| Current tax expense | | |
| Current year | 79 | 81 |
| Adjustment for prior periods | 38 | - |
| Deferred tax expense | | |
| Movement in temporary difference | - | - |
| Total income tax expense | 117 | 81 |

Numerical reconciliation between tax expense and benefits accrued as a result of operations before income tax:

## Notes to the financial statements

**For the period ended 30 June 2009**

**5. Income tax expense (continued)**

| | 2009 $000 | 2008 $000 |
|---|---|---|
| Benefits accrued before income tax | 58,979 | 117,748 |
| At the tax rate of 15% | 8,847 | 17,662 |
| Increase in income tax expense due to: | | |
| Non-taxable income/loss from PST | 2,332 | 456 |
| Benefits paid | 3,732 | 2,766 |
| Decrease in income tax expense due to: | | |
| Employee contributions | (14,794) | (20,803) |
| Income tax expense on benefits accrued as a result of operations | 117 | 81 |

**6. Tax assets and liabilities**

**Current tax assets and liabilities**
The current tax liability for the Fund of $79,000 (2008: $81,000) represents the amount of income taxes payable of current and prior financial years.

**Deferred tax assets and liabilities**
The fund does not have any deferred tax assets and liabilities.

**7. Liability for accrued benefits**

The liability for accrued benefits is the Fund's present obligation to pay benefits to members and beneficiaries arising from membership of the Fund up to reporting date. It is measured as the difference between the carrying amount of the assets and the sum of the sundry liabilities and income tax liabilities as at reporting date.

| | 2009 $000 | 2008 $000 |
|---|---|---|
| **Changes in liability for accrued benefits** | | |
| Liability for accrued benefits at the beginning of the financial year | 139,868 | 22,201 |
| Plus: Benefits accrued as a result of operations | 83,739 | 136,108 |
| Less: Benefits paid during the year | (24,877) | (18,441) |
| Liability for accrued benefits at the end of the financial year | 198,730 | 139,868 |

**8. Vested benefits**

| | 2009 $000 | 2008 $000 |
|---|---|---|
| Vested benefits as at the end of the financial year | 198,178 | 138,404 |

Vested benefits are benefits which are not conditional upon continued membership of the Fund (or any factor other than resignation from the Fund) and include benefits which members were entitled to receive had they terminated their Fund membership as at the reporting date.

**9. Guaranteed benefits**

No guarantees have been made in respect of any part of the liability for accrued benefits.

## Notes to the financial statements

**For the period ended 30 June 2009**

### 10. Notes to the statement of cash flows

**Reconciliation of cash and cash equivalents**

For the purposes of the statement of cash flows, cash includes cash at bank, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

| | 2009 $000 | 2008 $000 |
|---|---|---|
| Cash at bank | 801 | 746 |
| Benefits accrued as a result of operations | 83,739 | 136,108 |
| Add/(less): | | |
| Benefits paid | (24,877) | (18,441) |
| Movement in net market value of investment | 15,545 | 3,035 |
| Net cash from operating activities before change in assets and liabilities | 74,407 | 120,702 |
| Change in assets and liabilities: | | |
| Increase in accounts receivable | (3) | (6) |
| Increase in accounts payable | 180 | 257 |
| Increase in current tax liabilities | (2) | 20 |
| Net cash from operating activities | 74,582 | 120,973 |

### 11. Movement in net market value of investments

The investments and derivatives of the Fund (other than short term deposits which are managed internally by the Trustee, VSPL) are managed on behalf of the Trustee by selected investment managers. Except for cash at bank, the Fund's only investment is units in Vision Pooled Superannuation Trust (VPST). The Custodian of the Fund's investments assets in VPST is National Australia Bank Group.

| | 2009 $000 | 2008 $000 |
|---|---|---|
| **Investment held at balance date** | | |
| Vision Pooled Superannuation Trust | (15,545) | (3,035) |
| Total unrealised gains/(losses) | (15,545) | (3,035) |
| Change in net market value of investments | (15,545) | (3,035) |

### 12. Risk management

### (a) Financial risk management objectives, policies and processes

The Fund's principle financial instruments comprise units in pooled superannuation trusts and cash. The main purpose of these financial instruments is to generate a return on investment.

The Fund also has various other financial instruments such as sundry receivable and payables, which arise directly from its operations. These are mainly current in nature.

## 12. Risk management (continued)

### (a) Financial risk management objectives, policies and processes (continued)

As part of its risk management strategy, the Fund also enters into derivative transactions via VPST, principally fixed interest futures and forward foreign exchange contacts. The main purpose is to manage financial risks associated with the Fund's investment transactions, and as a means of effecting a change in the asset mix. Investments in derivatives are not used to gear the Fund's investment portfolio, and are limited to the asset allocation limits for the underlying investment assets.

Risks arising from holding financial instruments are inherent in the Fund's activities, and are managed through a process of ongoing identification, measurement and monitoring. The Fund is exposed to credit risk, liquidity risk and market risk, including interest rate risk, equity price risk and foreign currency risk.

The Trustee is responsible for identifying and controlling the risks that arise from these financial instruments. The Trustee reviews and agrees policies for managing each of these risks as summarised below. The Trustee also monitors the market price risk arising from all financial instruments.

Information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits, is monitored by the Trustee. These mandate limits reflect the investment strategy and market environment of the Fund, as well as the level of risk that the Fund is willing to accept.

The information is prepared and reported to the Trustee on a monthly basis.

Concentrations of risk arises when a number of financial instruments or contacts are entered into with the same counterparty, or when a number of counterparties are engaged in similar business activities, have activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political and other conditions.

In order to avoid excessive concentrations of risk, the Trustee monitors its exposure to ensure concentrations of risk remain within acceptable levels in accordance with the Fund's investment policies and either reduces exposure or uses derivative instruments to manage the excessive risk concentrations when they arise.

### (b) Credit risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss.

With respect to credit risk arising from the financial assets of the Fund, other than derivatives, the Fund's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these instruments as disclosed in the Statement of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values. The risk associated with these contracts is minimised by undertaking transactions with high quality counterparties on recognised exchanges, and ensuring that transactions are undertaken with a number of counterparties.

Notes to the financial statements

**For the period ended 30 June 2009**

**12. Risk management (continued)**

**(b) Credit risk (continued)**

The Fund holds no collateral as security or any other credit enhancements. There are no significant financial assets that are past due or impaired.

Credit risk is not considered to be significant to the Group except in relation to investments in debt securities.

**(i) Credit quality per class of debt instruments**

The credit quality of financial assets is managed by the Fund using Standard & Poor's rating categories, in accordance with the investment mandate of the Fund. The Fund's exposure in each grade is monitored on a monthly basis. This review process allows the Trustee to assess the potential loss as a result of risks and take corrective action. The table below shows the credit quality by class of asset for debt instruments.

**2009**

| | AAA to AA- | A+ to A- | BBB+ to BBB- | CCC | Short term A-1+ to A2 | Not rated or available | Total |
|---|---|---|---|---|---|---|---|
| | $000 | $000 | $000 | $000 | $000 | $000 | $000 |
| Perpetual securities | - | - | 14 | - | - | - | **14** |
| Convertible notes | - | - | - | - | - | 11 | **11** |
| Fixed bonds | 2,463 | 1,010 | 795 | 97 | - | 28 | **4,393** |
| Indexed bonds | 2,031 | 14 | 28 | - | - | - | **2,073** |
| Floating rate notes | 220 | 445 | 395 | 7 | - | 19 | **1,086** |
| Zero coupon bonds | - | - | - | - | - | - | - |
| Mortgage backed securities | 2,937 | 97 | 91 | - | - | - | **3,125** |
| Discount securities | - | - | - | - | 1,148 | - | **1,148** |
| Pooled funds* | - | - | - | - | - | 10,039 | **10,039** |
| **Total** | **7,651** | **1,566** | **1,323** | **104** | **1,148** | **10,097** | **21,889** |

**2008**

| | AAA to AA- | A+ to A- | BBB+ to BBB- | CCC | Short term A-1+ to A2 | Not rated or available | Total |
|---|---|---|---|---|---|---|---|
| | $000 | $000 | $000 | $000 | $000 | $000 | $000 |
| Perpetual securities | 28 | - | 13 | - | - | - | **41** |
| Convertible notes | - | - | - | - | - | 7 | **7** |
| Fixed bonds | 2,881 | 717 | 679 | 12 | - | 69 | **4,358** |
| Indexed bonds | 2,885 | - | - | - | - | - | **2,885** |
| Floating rate notes | 344 | 455 | 295 | - | - | 45 | **1,139** |
| Zero coupon bonds | - | - | - | - | - | 19 | **19** |
| Mortgage backed securities | 590 | 62 | 90 | - | - | - | **742** |
| Discount securities | - | - | 165 | - | 9,205 | - | **9,370** |
| Pooled funds* | - | - | - | - | - | 8,515 | **8,515** |
| **Total** | **6,728** | **1,234** | **1,242** | **12** | **9,205** | **8,655** | **27,076** |

* *Instruments are either not rated or rating not available by National Asset Services (NAS)*

**(ii) Risk concentration of credit risk exposure**

Concentration of credit risk is managed by counterparty, by geographical region and by industry sector.

**For the period ended 30 June 2009**

**12. Risk management (continued)**

**(b) Credit risk (continued)**

**(ii) Risk concentration of credit risk exposure (continued)**

The Fund's financial assets can be analysed by the following geographic regions:

| | 2009 $000 | 2008 $000 |
|---|---|---|
| Australia | 184,543 | 123,324 |
| North America | 3,937 | 4,279 |
| Europe | 3,217 | 7,908 |
| Asia | 1,119 | 1,534 |
| Others | (139) | 744 |
| **Total** | **192,677** | **137,789** |

Significant industry sector exposure exists as follows:

| | 2009 $000 | 2008 $000 |
|---|---|---|
| Financials | 14,045 | 10,203 |
| Materials | 7,699 | 7,366 |
| Consumer staples | 4,420 | 3,096 |
| Energy | 4,246 | 4,039 |
| Industrials | 4,090 | 3,954 |
| Consumer discretionary | 3,756 | 2,835 |
| Health care | 3,550 | 2,703 |
| Information technology | 3,296 | 2,602 |
| Telecommunication | 2,373 | 1,835 |
| Utilities | 1,118 | 850 |

The above table does not include investments in unlisted trusts or pooled funds.

**(c) Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. This risk is managed through the Fund's investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Fund maintains sufficient cash and cash equivalents to meet normal operating requirements.

The Fund's significant financial liabilities are benefits payable to members.

The Fund manages its obligation to pay the defined contribution component on an expected maturity basis based on management's estimates and actuarial assumptions of when such funds will be drawn down by members. The Fund considers it is highly unlikely that all defined contribution members will request to roll over their superannuation fund account at the same time.

Other financial liabilities of the Fund comprise trade and other payables which are contractually due within 30 days.

**For the period ended 30 June 2009**

**12. Risk management (continued)**

**(d) Market risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices. Market risk is diversified through ensuring that all investment activities are undertaken in accordance with investment policies of the Fund.

The Trustee employs diversification investment strategy to mitigate the market risk in each market segment. Further, VPST also enters into forward foreign exchange contracts to hedge against adverse FX movements.

**(i) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

In determining the reasonably possible change for interest rate risk, the sensitivity of the "official cash rate" as set by the Reserve Bank of Australia (RBA) from time to time is used.

Following the accounting policies at NAS and forecasted interest rate movement by NAS for the twelve months from May 2009, the Fund anticipates 50 basis points movement in interest rate is considered reasonably possible for the 2009/10 reporting period. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2008.

An increase/decrease of 50 basis points in interest rate at the reporting date would have increased/(decreased) the Changes in net assets available to pay benefits by the amounts shown below:

**2009 - Fund**

| Asset class sector | Change in basis points Increase/decrease | Sensitivity of interest income and changes in net assets $000 Increase/decrease |
|---|---|---|
| Cash and cash equivalents | +/-50 | (1)/1 |
| Fixed interest securities | +/-50 | (247)/248 |
| Derivatives | +/-50 | 65/(56) |

**2008- Fund**

| Asset class sector | Change in basis points Increase/decrease | Sensitivity of interest income and changes in net assets $000 Increase/decrease |
|---|---|---|
| Cash and cash equivalents | +/-50 | (6)/6 |
| Fixed interest securities | +/-50 | (350)/350 |
| Derivatives | +/-50 | 13/(179) |

**(ii) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

**For the period ended 30 June 2009**

**12. Risk management (continued)**

**(d) Market risk (continued)**

**(ii) Currency risk (continued)**

As a result of significant investments held in the United States and Europe, the Fund's Statement of Financial Position and Operating Statement can be affected significantly by movements in USD and EUR when translated to AUD.

The Trustee manages its exposure to foreign currency risk and mitigates effects of its foreign currency translation exposure by placing limits on the portion of the assets which can be invested in different currencies and by appointing specialist currency managers to implement passive hedge over foreign currency exposure. This foreign exchange policy is monitored against actual on an ongoing basis throughout the year.

Following the accounting policies at NAS and forecasted currency rate movement by NAS for the twelve months from May 2009, the Group expects the following movement in currency exchange rate is considered reasonably possible for the 2009/10 reporting period.

| | |
|---|---|
| USD | 5% |
| British pounds | 5% |
| Euro | 5% |
| Japanese Yen | 15% |

The percent strengthening/weakening of the AUD against the following basket of foreign currencies as 30 June would have increase/(decreased) the Changes for the year in net assets available to pay benefits by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2008.

| | 2009 | | 2008 | |
|---|---|---|---|---|
| **Currency** | **Change in Currency rate %** | **Effect on changes in net assets $000** | **Change in Currency rate %** | **Effect on changes in net assets $000** |
| USD | +/-5 | 812/(931) | +/-10 | (648)/792 |
| British pounds | +/-5 | 79/(87) | +/-5 | (16)/18 |
| Euro | +/-5 | 275/(304) | +/-5 | (49)/55 |
| Japanese Yen | +/-15 | 188/(255) | +/-5 | (64)/71 |

**(iii) Equity price risk**

Equity price risk is the risk that the fair value of investments in equities decreases or increases as a result of changes in market prices, whether those changes are caused by factors specific to the individual share price or factors affecting all equity instruments in the market. Equity price risk exposure arises from the VPST's investment portfolios.

To limit equity price risk the Trustee diversifies its investment portfolio in line with its investment strategy. The majority of equity investments are of a high quality and are publicly traded on recognised, reputable exchanges. The Trustee monitors the VPST's exposure to various asset classes on an ongoing basis throughout the year ensuring its investment strategy is adhered to.

## Notes to the financial statements

**For the period ended 30 June 2009**

**12. Risk management (continued)**

**(d) Market risk (continued)**

**(iii) Equity price risk (continued)**

Following the accounting policies at NAS and forecasted ASX 200 movement by NAS for the twelve months from May 2009, the Fund anticipates 10% movement in equity price is considered reasonably possible for the 2009/10 reporting period. This analysis assumes that all other variables, in particular, interest rates and foreign exchange rates, remain constant. The analysis is performed on the same basis for 2008.

The "10%" increase/decrease in the equity price against the investments of the Fund at 30 June would have increased/(decreased) the Changes for the year in next assets available to pay benefits by the amounts shown below:

| | 2009 | | 2008 | |
|---|---|---|---|---|
| **Asset class sector** | **Change in equity price %** | **Effect in changes in net assets $000** | **Change in equity price %** | **Effect in changes in net assets $000** |
| Life insurance policies | +/-10 | 620/(620) | +/-10 | 432/(432) |
| Listed equities | +/-10 | 4,778/(4,778) | +/-10 | 3,729/(3,729) |
| Listed property trusts | +/-10 | 127/(128) | +/-10 | 101/(101) |
| Listed units trust | +/-10 | 49/(49) | +/-10 | 33/(33) |
| Pooled development fund | +/-10 | - | +/-10 | 1/(1) |
| Preference shares | +/-10 | 14/(14) | +/-10 | 24/(24) |
| Unlisted equities | +/-10 | 549/(549) | +/-10 | 303/(303) |
| Unlisted MIS | +/-10 | 8,502/(8,502) | +/-10 | 6,461/(6,461) |
| Unlisted unit trusts | +/-10 | 410/(410) | +/-10 | 232/(232) |
| Others | +/-10 | 107/(106) | +/-10 | 220/(92) |

## Notes to the financial statements

**For the year ended 30 June 2009**

**13. Related parties**

**(a) Key management personnel disclosures**

The trustee of the Fund is Vision Super Pty Ltd. The trustee company comprises of eight Directors and seven Alternates. The names of persons who were Directors and Alternates of the trustee company of the Group for the financial year are:

| ***Member Directors:*** | ***Alternates:*** |
|---|---|
| Darrell Cochrane (appointed Chair 1/07/08) | Brian Parkinson |
| Wendy Phillips | Dean Barnet |
| Anthony Tuohey | Robyn Glascott |
| William Watton | Russell Atwood |

| ***Employer Directors:*** | ***Alternates:*** |
|---|---|
| Michael Tilley | Steve Bird |
| Angela Emslie | Leigh Harder |
| Rob Spence | Alison Lyon |
| Dick Gross | Alison Lyon |

Both William Watton and Dick Gross retired as Director on 30 June 2009 and Russell Atwood and Geoff Lake were appointed as their replacement respectively on 1 July 2009. Apart from Directors of the trustee company, the Chief Executive Officer is also considered to be key management personnel for the purpose of these financial statements.

**(b) Compensation of Directors and key management personnel**

Total compensation received, or due and receivable, by Directors and key management personnel amounted to $754,844 (2008: $614,175). The details are as follows:

| | **2009 $000** | **2008 $000** |
|---|---|---|
| Short-term employee benefits | 692 | 568 |
| Other long term employee benefits | - | - |
| Post-employment benefits | 63 | 46 |
| | 755 | 614 |

**(c) Related party transactions**

**(i) Vision Pooled Superannuation Trust**

The only main investment asset of the Fund is the units held in Vision Pooled Superannuation Trust (VPST). The units held in VPST as at 30 June 2009 is $198 million (2008: $139 million).

**(ii) Members Equity**

Vision Pooled Superannuation Trust is a minority investor in Industry Super Holdings Pty Ltd, the owner of Member Equity. Members Equity is the provider of Super Members Home Loans.

# Notes to the financial statements

**For the year ended 30 June 2009**

## 13. Related parties

### (iii) Regional Infrastructure Fund

Vision Pooled Superannuation Trust is the sole shareholder in Regional Infrastructure Fund Pty Ltd (RIF).

RIF was established primarily to invest in regional infrastructure projects. RIF has four directors, all of whom are current or former directors of Vision Super Pty.Ltd, namely, Tony Tuohey, Michael Tilley, James Coghlan and Darrell Cochrane.

The objective for RIF is to invest in infrastructure projects and its currently wholly owns Regional Wind Farms Pty Ltd.

### (iv) Regional Wind Farms Pty Ltd

Regional Wind Farms Pty Ltd is wholly owned company and was established by RIF to invest in wind farms. Project development, construction and operations are contracted out to third party providers. Director Tony Tuohey is also a director of Regional Wind Farms Pty Ltd. Other directors are appointed by Industry Funds Management.

### (v) Vision Super Pty Ltd

As stated in Note 1, Vision Super Pty Ltd is the trustee of the Fund. The trustee services fees payable/paid during the year ended at 30 June 2009 is $472,129 (2008: $249,817).

### (vi) Vision Holding Company Pty Ltd

Vision Holding Company Pty Ltd was established during the year for the purpose of acting as trustee company for the Private Equity Trust which holds a number of overseas private equity investments.

### (vii) Directors

Ms Emslie's partner, Garry Weaven, is Chair of Industry Funds Management (IFM), which manages infrastructure and private equity investments for Vision Pooled Superannuation Trust and provides investment services to RIF. Mr Weaven is also a Director of Members Equity.

Director Tony Tuohey has a commercial relationship with Bridgewater Associates, a fund manager engaged by the Trustee, and absented himself from any determination relating to this manager.

## 14. Contingent assets/liabilities

There are no contingent assets or liabilities as at 30 June 2009.

## 15. Subsequent events

There are no subsequent events.

# Trustee declaration to the members

Vision Superannuation Fund

In the opinion of the Trustee of Vision Superannuation Fund:

(i) The accompanying financial statements of Vision Superannuation Fund are drawn up so as to present fairly the financial position of the Fund as at 30 June 2009 and the results of its operations and cash flows for the period then ended; and

(ii) The operation of Vision Superannuation Fund has been carried out in accordance with its Trust Deed dated 29 June 2007, as amended and in compliance with:

- the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations;
- applicable sections of the Corporations Act 2001 and Regulations;
- the requirements under Section 13 of the Financial Sector (Collection of Data) Act 2001; and
- the Guidelines issued by the Australian Prudential Regulation Authority on Derivative Risk Statements For Superannuation Entities Investing In Derivatives, during the year ended 30 June 2009; and

(iii) The financial statements have been prepared in accordance with Accounting Standards, other mandatory reporting requirements and the provisions of the Trust Deed dated 29 June 2007, as amended.

Dated at Melbourne this 8th day of October 2009

Signed in accordance with a resolution of the Trustee:

Darrell Cochrane
Director

Rob Spence
Director

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# INDEPENDENT REPORT BY THE APPROVED AUDITOR TO THE TRUSTEE AND MEMBERS OF VISION SUPERANNUATION FUND

## (A) Financial statements

I have audited the financial statements of Vision Superannuation Fund (ABN 79 327 289 195) for the year ended 30 June 2009 comprising the statement of net assets, statement of changes in net assets, summary of significant accounting policies, other explanatory notes and the Trustee statement.

### Trustee's Responsibility for the Financial Statements

The superannuation entity's trustee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the requirements of the SIS Act and the *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations). The trustee's responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted an independent audit of the financial statements in order to express an opinion on them to the trustee and members of Vision Superannuation Fund.

My audit has been conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the trustee's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trustee's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustee, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Auditor's Opinion**

In my opinion the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the net assets of Vision Superannuation Fund as at 30 June 2009 and the changes in net assets for the year ended 30 June 2009.

**(B) Compliance**

**Trustee's Responsibility for Compliance**

The superannuation entity's trustee is responsible for complying with the requirements of the SIS Act, SIS Regulations, the Reporting Standards made under s. 13 of the *Financial Sector (Collection of Data) Act 2001* (FSCODA Reporting Standards), the *Corporations Act 2001* (Corporations Act) and *Corporation Regulations 2001* (Corporation Regulations).

**Auditor's Responsibility**

My responsibility is to express an opinion on the trustee's compliance with the requirements of the SIS Act, SIS Regulations, FSCODA Reporting Standards, Corporations Act and Corporation Regulations based on the audit. My audit has been conducted in accordance with applicable Standards on Assurance Engagements. These Standards require that I comply with fundamental ethical requirements and plan and perform the audit to obtain reasonable assurance whether the trustee of the Vision Superannuation Fund has, in all material respects for the year ended 30 June 2009:

(a) complied with the relevant requirements of the following provisions (to the extent applicable) of the SIS Act and SIS Regulations:

sections 19(2), 19(3), 35A, 35C, 36, 65, 66, 67, 69-85, 86-93A, 95, 97, 98, 101, 103, 104, 105, 106, 107, 109, 117, 118, 122, 124, 125, 126k, 152, 154;

regulations, 2.33(2), 3.10, 4.08(3), 5.08, 6.17, 7.04, 7.05, 9.09, 9.14, 9.29, 9.30, 13.14, 13.17, 13.17A; and

(b) complied with the FSCODA Reporting Standards that are subject to audit (to the extent applicable); and

(c) complied with the relevant requirements of the following provisions of the Corporations Act and Corporation Regulations:

sections 1012B, 1012F, 1012H(2), 1012I, 1013B, 1013D, 1013K(1), 1013K(2),1016A(2), 1016A(3), 1017B(1), 1017B(5), 1017C(2), 1017C(3) 1017C(5), 1017C(8), 1017D(1), 1017D(3), 1017D(3A), 1017DA(3), 1017E(2), 1017E(3), 1017E(4), 1020E(8) and 1020E(9); and

regulation 7.9.32(3); and

(d) complied with the requirement to prepare the respective forms comprising the APRA Annual Return; and

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(e) complied with the requirements of Section 155(2) of the SIS Act in that the trustee has appropriate processes in place to identify and resolve s.155 cases, and has adhered to those processes in determining issue and redemption prices.

My procedures with respect to SIS Regulation 6.17 included testing whether amounts identified by the trustee as preserved and restricted non-preserved have been cashed or transferred only in accordance with the requirements of Part 6 of the SIS Regulations. These procedures did not include testing of the calculation of the preserved and restricted non-preserved amounts beyond a broad assessment of the apparent reasonableness of the calculations.

My procedures included examination, on a test basis, of evidence supporting compliance with those requirements of the SIS Act, SIS Regulations, FSCODA Reporting Standards, Corporations Act and Corporations Regulations.

These tests have not been performed continuously throughout the period, were not designed to detect all instances of non-compliance, and have not covered any other provisions of the SIS Act and SIS Regulations, FSCODA Reporting Standards, Corporations Act and Corporations Regulations apart from those specified. The superannuation entity's trustee is responsible for complying with the SIS Act and SIS Regulations, FSCODA Reporting Standards, Corporations Act and Corporations Regulations.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Auditor's Opinion**

In my opinion the trustee of Vision Superannuation Fund has complied, in all material respects, with the requirements of the SIS Act and SIS Regulations, FSCODA Reporting Standards, Corporations Act and Corporations Regulations for the year ended 30 June 2009.

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Martin Walsh
Partner
Melbourne

8 October 2009